

Tesco Personal Finance Life Limited

Registered office: Pitheavlis, Perth, Scotland PH2 ONH

**Annual FSA Insurance Returns for the period ended
31st December 2002**



Accounts and statements pursuant to the
Financial Services and Markets Act 2000

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Global Business

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Name of insurer **Tesco Personal Finance Life Limited**

Global Business

Financial year ended **31st December 2002**

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Returns under the Accounts and Statements Rules

Covering page to form 9

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

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P R HALES
Chief Executive

.....

J A NEWMAN
Director

.....

M N URMSTON
Director

26th March 2003

Statement of solvencyName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

R9	Company registration number 173201	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2002	
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
						Column

GENERAL INSURANCE BUSINESS**Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11			See instructions 1 and 2
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Required minimum margin

Required minimum margin for general insurance business	12			12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13			

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21	10508	9215	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	14726	2545	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	8360	6849	See instruction 4
Other insurance and non-insurance liabilities	24	291	1103	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	16583	3808	

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	16583	3808	
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Required minimum margin

Required minimum margin for long term insurance business	41	506	465	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	506	465	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	16077	3343	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	16077	3343	

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6

Analysis of the effect of financial engineering on long-term available assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
R9A	173201	GL	31	12	2002	£000	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Required minimum margin for long term insurance business	11	506			See instruction 2		
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	16077			See instruction 3		
Total available assets and implicit items (11+12)	13	16583					
Analysed as follows:							
Value of implicit items	14				See instruction 5		
Financial reinsurance- ceded	15				See instruction 6		
Financial reinsurance- accepted	16				See instruction 7		
Outstanding contingent loans	17				See instruction 8		
Any other charges on future profits	18				See instruction 9		
Sum of financial engineering adjustments (14+15-16+17+18)	19						
Other assets (13-19)	20	16583					
Total available assets and implicit items (19+20)	21	16583					

Statement of net assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

	R10	Company registration number 173201	GL/UK/CM GL	Period ended			Units
				day	month	year	
				31	12	2002	£000
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term insurance business - admissible assets	11	10508	9215	13	89	1	
Long term insurance business - liabilities and margins	12	10508	9215	14	59	1	

Other than Long term insurance business - admissible assets	21	15258	3037	13	89	1	
Other than Long term insurance business - liabilities	22	532	492	15	69	1	
Net admissible assets (21-22)	23	14726	2545				
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares					
	25	Supplementary contributions for a mutual carrying on general insurance business					
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital					
	27	Cumulative preference share capital					
Available assets (23 to 27)	29	14726	2545				

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	28000	28000				
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	(13274)	(25455)				
Total (51 to 56) and equal to line 29 above	59	14726	2545				

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	(25455)	(23692)	10	56	2	
Retained profit/(loss) for the financial year	62	663	(25)	16	59	1	
Movement in asset valuation differences	63	11518	(1738)	See instruction 2			
Decrease/(increase) in the provision for adverse changes	64			See instruction 3			
Other movements (particulars to be specified by way of supplementary note)	65						
Balance carried forward at the end of the financial year (61 to 65)	69	(13274)	(25455)				

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	173201	GL	31	12	2002	£000	1
Investments							As at the end of this financial year 1	As at the end of the previous year 2		
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25	863	378					
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30							
Total sheet 1 (11 to 30)						39	863	378		

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	173201	GL	31	12	2002	£000	1
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1		As at the end of the previous year 2		
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45					
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	14162		2208		
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked			58					
	Property linked			59					
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	14162		2208		

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long term insurance business assets**

Category of assets		Total other than long term insurance business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
						day	month	year		
		R13	173201	GL	31	12	2002	£000	1	
Debtors						As at the end of this financial year 1			As at the end of the previous year 2	
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76					
		Due more than 12 months after the end of the financial year			77					
	Other	Due in 12 months or less after the end of the financial year			78	77				
		Due more than 12 months after the end of the financial year			79					
Tangible assets					80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	42			405	
	Cash in hand				82					
Other assets (particulars to be specified by way of supplementary note)					83					
Prepayments and accrued income	Accrued interest and rent				84	14				
	Deferred acquisition costs				85					
	Other prepayments and accrued income				86	100			46	
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets					87					
Total sheet 3 (71 to 86 less 87)					88	233			451	
Grand total of admissible assets (39+69+88)					89	15258			3037	
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)					91	15258			3037	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)					92	4746			16378	
Solvency margin deduction for subsidiary undertakings which are insurance undertakings					93					
Other differences in the valuation of assets (other than for assets not valued above)					94	114				
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)					95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)					99	20118			19415	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100					

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	173201	GL	31	12	2002	£000	10
Investments						As at the end of this financial year 1			As at the end of the previous year 2	
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares				21				
		Debt securities issued by, and loans to, dependants				22				
	Other insurance dependants	Shares				23				
		Debt securities issued by, and loans to, dependants				24				
	Non-insurance dependants	Shares				25				
		Debt securities issued by, and loans to, dependants				26				
	Other group undertakings and participating interests	Shares				27				
		Debt securities issued by, and loans to, group undertakings				28				
		Participating interests				29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest				30				
Total sheet 1 (11 to 30)						39				

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	173201	GL	31	12	2002	£000	10
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1		As at the end of the previous year 2		
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	2915		3328		
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked			58					
	Property linked			59	7546		5474		
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	10461		8802		

Analysis of admissible assetsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

Category of assets		Total long term insurance business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		day	month			year				
		R13	173201	GL	31	12	2002	£000	10	
Debtors						As at the end of this financial year 1		As at the end of the previous year 2		
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71	1		1		
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76			36		
		Due more than 12 months after the end of the financial year			77					
	Other	Due in 12 months or less after the end of the financial year			78	46		283		
		Due more than 12 months after the end of the financial year			79					
Tangible assets					80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81					
	Cash in hand				82					
Other assets (particulars to be specified by way of supplementary note)					83					
Prepayments and accrued income	Accrued interest and rent				84			93		
	Deferred acquisition costs				85					
	Other prepayments and accrued income				86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets					87					
Total sheet 3 (71 to 86 less 87)					88	47		413		
Grand total of admissible assets (39+69+88)					89	10508		9215		
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)					91	10508		9215		
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)					92	78				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings					93					
Other differences in the valuation of assets (other than for assets not valued above)					94					
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)					95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)					99	10586		9215		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	16		36		

Long term insurance business liabilities and marginsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R14	173201	GL	31	12	2002	£000	10
				As at the end of this financial year 1	As at the end of the previous year 2		Source		
Mathematical reserves, after distribution of surplus		11	8360	6849	See Instruction 2				
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12			See Instruction 3				
Balance of surplus/(valuation deficit)		13	1857	1263	See Instruction 4				
Long term insurance business fund carried forward (11 to 13)		14	10217	8112	See Instruction 5				
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15						
	Reinsurers' share		16						
	Net (15-16)		17						
Provisions for other risks and charges	Taxation		21						
	Other		22						
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31						
		Reinsurance accepted	32						
		Reinsurance ceded	33						
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36	130	366				
	Other creditors	Taxation	37	6					
		Other	38	155	637				
Accruals and deferred income		39		100					
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	291	1103					
Excess of the value of net admissible assets		51			See Instruction 6				
Total liabilities and margins		59	10508	9215					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	146						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	7546	5474					
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63			See Instruction 7				

Liabilities (other than long term insurance business)Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

				Company registration number	GL/UK/CM	Period ended			Units	
				R15	173201	GL	31	12	2002	£000
						As at the end of this financial year 1		As at the end of the previous year 2		
Technical provisions (gross amount)	Provision for unearned premiums				11					
	Claims outstanding				12					
	Provision for unexpired risks				13					
	Equalisation provisions		Credit business		14					
			Other than credit business		15					
	Other				16					
	Total (11 to 16)				19					
Provisions for other risks and charges	Taxation				21					
	Other				22					
Deposits received from reinsurers					31					
Creditors	Arising out of insurance operations		Direct insurance business		41					
			Reinsurance accepted		42					
			Reinsurance ceded		43					
	Debenture loans		Secured		44					
			Unsecured		45					
	Amounts owed to credit institutions				46					
	Other creditors		Taxation		47	532				280
			Recommended dividend		48					
			Other		49					212
Accruals and deferred income					51					
Total (19 to 51)					59	532				492
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]					61					
Cumulative preference share capital					62					
Subordinated loan capital					63					
Total (59 to 63)					69	532				492
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance					71					

Profit and loss account (non-technical account)Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

			Company registration number	GL/UK/CM	Period ended			Units	
			R16	173201	GL	31	12	2002	£000
			This financial year	Previous year		Source			
			1	2		Form	Line	Column	
Transfer (to)/from the general insurance business technical account		From Form 20	11			20 . 59			
		Equalisation provisions	12						
Transfer from the long term insurance business revenue account			13			40 . 26			
Investment income	Income		14	897		932			
	Value re-adjustments on investments		15	17		(677)			
	Gains on the realisation of investments		16						
Investment charges	Investment management charges, including interest		17	1					
	Value re-adjustments on investments		18						
	Loss on the realisation of investments		19						
Allocated investment return transferred to the general insurance business technical account			20					20 . 51	
Other income and charges (particulars to be specified by way of supplementary note)			21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	913		255			
Tax on profit or loss on ordinary activities			31	250		280			
Profit or loss on ordinary activities after tax (29-31)			39	663		(25)			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)			41						
Tax on extraordinary profit or loss			42						
Other taxes not shown under the preceding items			43						
Profit or loss for the financial year (39+41-(42+43))			49	663		(25)			
Dividends (paid and proposed)			51						
Profit or loss retained for the financial year (49-51)			59	663		(25)			

Long term insurance business : Revenue accountName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Pension 12**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R40	173201	GL	31	12	2002	£000	OB	12	0
Items to be shown net of reinsurance ceded						The financial year		Previous year	
						1		2	
Earned premiums						11	3511	2842	
Investment income receivable before deduction of tax						12	369	376	
Increase (decrease) in the value of non-linked assets brought into account						13	(71)	(13)	
Increase (decrease) in the value of linked assets						14	(978)	(1579)	
Other income						15			
Total income (11 to 15)						19	2831	1626	
Claims incurred						21	176	107	
Expenses payable						22	543	872	
Interest payable before deduction of tax						23	1	41	
Taxation						24	6	5	
Other expenditure						25			
Transfer to (from) non technical account						26			
Total expenditure (21 to 26)						29	726	1025	
Increase (decrease) in fund in financial year (19-29)						39	2105	601	
Fund brought forward						49	8112	7511	
Fund carried forward (39+49)						59	10217	8112	

Long term insurance business : Analysis of premiums and expensesName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Pension 12**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	173201	GL	31	12	2002	£000	OB	12	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11						
		Regular premium			12						
	Pension business contracts	Single premium			13	1116				1116	
		Regular premium			14	2395				2395	
	Permanent health contracts	Single premium			15						
		Regular premium			16						
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	1116				1116	
		Regular premium			29	2395				2395	
Total premiums at lines 19 and 29 attributable to	UK contracts			31	3511				3511		
	Overseas contracts			32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41						
	Other commission payable				42						
	Management expenses in connection with acquisition of business				43	3				3	
	Management expenses in connection with maintenance of business				44	113				113	
	Other management expenses				45	427				427	
	Total expenses (41 to 45)				49	543				543	
	Total expenses at line 49 attributable to	UK contracts			51	543				543	
		Overseas contracts			52						

Long term insurance business : Analysis of claimsName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Pension 12**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	173201	GL	31	12	2002	£000	OB	12	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death			11							
	By way of lump sums on maturity			12							
	By way of annuity payments			13							
	By way of payments arising from other insured events			14							
	On surrender or partial surrender			15							
	Total life assurance and annuity claims (11 to 15)			19							
Pension business contracts	On death			21	3				3		
	By way of lump sums on vesting			22	4				4		
	By way of vested annuity payments			23							
	On surrender or partial surrender			24	169				169		
	Total pension business claims (21 to 24)			29	176				176		
Permanent health contracts	By way of lump sums			31							
	By way of periodical payments			32							
	Total permanent health claims (31+32)			39							
Other contracts	By way of lump sums			41							
	By way of periodical payments			42							
	Total claims (41+42)			49							
Total claims (19+29+39+49)				59	176				176		
Total claims at line 59 attributable to	UK contracts			61	176				176		
	Overseas contracts			62							

Name and number of fund/Summary	Summary
1. General Fund	...
2. Capital Projects Fund	...
3. Debt Service Fund	...
4. Special Revenue Fund	...
5. Enterprise Fund	...
6. Private Enterprise Fund	...
7. Internal Service Fund	...
8. Pension Fund	...
9. Other Funds	...

Financial year ended		31st December 2002													
Name and number of fund/Summary				Summary											
				Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund			
				R43	173201	GL	31	12	2002	£000	OB	99	0		
Name of fund		Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans		Other liabilities		Net asset value (4-5-6-7)					
1		2	3	4	5	6		7		8					
Pensions Balanced Growth			2606	2606						2606					
Pensions UK Growth			3144	3144						3144					
Pensions International			1481	1481						1481					
Pensions Fixed Interest			130	130						130					
Pensions Cash			227	227						227					
Pensions Balanced Growth		2549	59	2608						2608					
Pensions UK Growth		3141		3141						3141					
Pensions International		1496		1496						1496					
Pensions Fixed Interest		157		157						157					
Pensions Cash		328		328						328					
Total		7671	7647	15318						15318					

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Pension 12**Company
registration
number

GL/UK/CM

Period ended

day

month

year

Units

OB/IB

No of
fund/
SummaryNo of
part of
Fund

R43	173201	GL	31	12	2002	£000	OB	12	0
Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)		
1	2	3	4	5	6	7	8		
Pensions Balanced Growth		2606	2606				2606		
Pensions UK Growth		3144	3144				3144		
Pensions International		1481	1481				1481		
Pensions Fixed Interest		130	130				130		
Pensions Cash		227	227				227		
Pensions Balanced Growth	2549	59	2608				2608		
Pensions UK Growth	3141		3141				3141		
Pensions International	1496		1496				1496		
Pensions Fixed Interest	157		157				157		
Pensions Cash	328		328				328		
Total	7671	7647	15318				15318		

Long term insurance business : Aggregate revenue account for internal linked fundsName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Pension 12**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R44	173201	GL	31	12	2002	£000	OB	12	0
Value of total creation of units							11	3182		
Investment income attributable to the funds before deduction of tax							12	75		
Increase (decrease) in the value of investments in the financial year							13	(978)		
Other income							14			
Total income (11 to 14)							19	2279		
Value of total cancellation of units							21	71		
Charges for management							22	10		
Charges in respect of tax on investment income							23			
Taxation on realised capital gains							24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised							25			
Other expenditure							26	(1)		
Total expenditure (21 to 26)							29	80		
Increase (decrease) in funds in financial year (19-29)							39	2199		
Internal linked funds brought forward							49	5472		
Internal linked funds carried forward (39+49)							59	7671		

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Tesco Personal Finance Life Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund **Pension 12**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
				day	month	year					
		R45	173201	GL	31	12	2002	£000	OB	12	0
Name of fund			Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains		Percentage provision for tax on realised capital gains		Liquidity percentage	Valuation price per unit		
1			2	3		4		5	6		
Pensions Balanced Growth								33.61	0.805000		
Pensions UK Growth								34.65	0.745000		
Pensions International								35.40	0.735000		
Pensions Fixed Interest								25.38	1.265000		
Pensions Cash								50.74	1.270000		

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

- 1 The date to which the investigation relates is 31 December 2002.
- 2 The date to which the previous investigation related was 30 September 2001.
- 3 This valuation is in conformity with IPRU (INS) Rule 5.6 as amended.

4 (1) **Non-Linked Contracts**

- (a) Not applicable.
- (b) Not applicable.
- (c) All contracts within Form 51 are sufficiently described within that form.

5 (1) **Linked Contracts**

(a) **Personal Pension Plan.**

- (b) The contract is a non-profit deferred annuity contract for personal pension provision for the self employed and those in non-pensionable employment, written directly as UK pensions business.

- (c) Monthly, annual and single premiums may be paid under the contract.

- (d) Deferred annuity contracts providing the following benefits:-

On entry on pension at the retirement age specified at the outset, a cash sum equal to the bid value of units. This value is available to purchase annuity benefits from the Company or another insurer.

On death before entry on pension, a cash sum of the bid value of units.

Some monthly premium Personal Pensions include waiver of premium benefit which basically ensures continuation of level monthly premiums until age 55 (or earlier entry on pension under the policy) while the life assured is unable, through illness or injury, to follow his or her normal occupation.

- (e) No guarantees of investment return are provided under these contracts.
- (f) A percentage of each premium is invested in units. Ordinary units are allocated at bid prices of units.

A management charge is taken from the funds at the rate of 1.0% per annum of the value of the fund, which is reflected in the calculation of unit prices.

A charge may be made for switching between investment funds.

- (g) The percentage of each monthly premium to be invested in units cannot be reduced below the level set for that premium when the current amount of premium was established.

Any increase in the management charges for property-linked funds can only be to levels that the Appointed Actuary considers will result in the margin of charges over costs (for relevant policies) not being excessive. In forming his opinion he must take into account the general level of such margins in the market for policies of similar types, and any previous increases in the charges.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

The charge for switching between funds is limited to 1% of the amount switched

- (h) The amount of the surrender value is equal to the value of the units allocated to the contract. For this purpose units are valued at their bid prices.
- (i) Benefits may be determined wholly or partly by reference to the value of units in one or more of the internal property-linked funds. These are the Pension Fund series of funds.
- (j) The contract includes the following features:-
 - (i) An option to pay additional single premiums at any time.
 - (ii) An option for regular premiums to escalate at a fixed rate of 5% per annum compound.
 - (iii) An option to increase, reduce or suspend regular premiums at any time before entry on pension.
 - (iv) An option to enter on pension before the selected pension age, but not before age 50 unless in ill health.
 - (v) An option to enter on pension after the selected pension age but no later than the 75th birthday.
 - (vi) An option to surrender the contract at any time in return for the transfer of its surrender value in accordance with the rules of the scheme governing the policy.
 - (vii) An option to switch the whole or part of any holding of units in an internal linked fund to another such fund on a bid-to-bid basis at any time. A charge as described in (f) above may be levied.
- (k) The contract was closed to new business in the year to the valuation date.
- (l) No rates of charge applied generally to contracts were increased in the year to the valuation date.
- (2) Not applicable.
- (3) Not applicable.
- (4) Units in the internal linked funds are allocated or de-allocated as follows.

The Company operates one pool of assets for each internal linked fund.

Valuations are made at midday each working day. The liability units are allocated or de-allocated forward, so units will usually be allocated or de-allocated at the price calculated on the day if an instruction is received before midday and at the next day's price for instructions received after midday.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the overall cash flow into or out of the fund. Asset unit creations and cancellations can be made on any working day and must normally be notified by 9.30 am. The price used is that calculated at midday on the day of notification.

If the fund is in a net inflow position then they are created and cancelled at the day's asset offer price. This is determined by firstly valuing the invested assets of the fund at the lowest dealing offer price and adding all costs that would be incurred in purchasing such assets. These are then added to the net cash of the fund which will include accrued income, debtors, creditors and provisions for tax and the total is divided by the number of asset units in force to give the asset offer price.

If the fund is in a net outflow position then they are created and cancelled at the day's asset bid price. This is determined by firstly valuing the invested assets of the fund at the highest dealing bid price and deducting all costs that would be incurred in selling such assets. These are then added to the net cash of the fund which will include accrued income, debtors, creditors and provisions for tax and the total is divided by the number of asset units in force to give the asset bid price.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

Where the fund invests in unit trusts or other collective investment schemes, the units or shares are valued in the same way except the units or shares are valued at the price at which the Company would have been able to deal (i.e., net of the initial discount). These assets are valued at 9 am or 12 pm for the purposes of the midday price. In any dealings the fund would get the same price (except for the initial discount) as that available to other investors at the time.

The determination of the published unit prices for all types of unit depends upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by the various Managed funds

If cash flow is expected to be positive then liability units are de-allocated at the published bid price which will be based upon the asset offer price adjusted for annual management charges and rounded up by up to 1%. Units are allocated at the day's published offer price, which will be 100 / 95% of the day's published bid price. (100% of the day's published bid price for contracts with no initial charge).

If cash flow is expected to be negative then liability units are de-allocated at the published bid price which will be based upon the asset bid price adjusted for investment management charges and rounded down by up to 1%. Units are allocated at the day's published offer price, which will be 100 / 95% of the day's published bid price. (100% of the day's published bid price for contracts with no initial charge).

(5) Not applicable.

(6) The internal linked funds receive the following rates of discount, commission or other allowance when purchasing, selling or holding units in collective investment funds:

	Initial Charge Discount	Monthly Management Charge Rebate p.a.
OEICS managed by Scottish Widows Investment Services Ltd.		
SW UK All Share Tracker	0%	0.25%
SW UK International Equity Tracker	0%	0.50%
SW UK Fixed Interest Index Tracker	0%	0.25%
SW Index Linked Tracker	0%	0.25%
SW Overseas Fixed Interest Tracker	0%	0.50%

The above discounts and rebates are the same as those obtained by the Company. The Company does not derive any other financial benefit in respect of collective investment fund units held by the internal linked funds.

6 (1) The general principles involved in the valuation of property-linked business are described in paragraph 9 below.

Other aspects of the methods employed in carrying out the valuation are described in the following paragraphs:

(a) Not applicable.

(b) The Company has written no with-profits business. No particular issues of reasonable expectations arise in the valuation.

(c) Not applicable.

(d) Whenever the calculation for an individual contract gave rise to a negative value the liability was treated as nil and no policy has been treated as an asset.

(e) Not applicable.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

- (f) Not applicable.
 - (g) No investment performance guarantees have been made in respect of contracts issued.
 - (h) No specific provision was considered necessary.
 - (2) Not applicable.
- 7 (1) The annuities in payment have been valued at a rate of interest of 4.875% per annum.. The mortality assumed in the valuation of these annuities was 100% of PMA92 (C=2020) ultimate for males lives and 100% of PFA92 (C=2020) ultimate for female lives, with provision for future improvement as in (4) below.
- The rates of interest and tables of mortality assumed in the valuation of the unit linked personal pensions are shown in Form 53.
- (2) No unpublished tables were used.
 - (3) All business is written in the United Kingdom.
 - (4) Allowance has been made for future improvement of mortality under annuity contracts by subtracting two years from the annuitants age.
 - (5) No allowance was made for future changes in mortality - as the benefit payable on death equals the fund value the impact of changes in mortality is not significant.
 - (6) The following scenarios of future changes in the value of assets have been tested in order to take account of the nature and terms of the assets held in determining the amount of the long-term liabilities in accordance with IPRU (INS) Rule 5.17:-
 - (i) a fall in fixed interest yields of 20% and a fall in equity prices of 10%
 - (ii) fixed interest yields fall to the level calculated under IPRU (INS) Rule 5.11 (9) and a fall in equity prices of 14%.
 - (iii) a rise in fixed interest yields of 3% and a fall in equity prices of 20%.Scenario (iii) produced the most onerous requirement.
 - (7) No specific reserve was considered necessary pursuant to IPRU (INS) Rule 5.17 (a).
 - (8) Following the investigations described in paragraph 7(6) an additional reserve of £50,000 was made pursuant to IPRU (INS) Rule 5.17 (b). In calculating the above provision, no assumptions were changed other than the rates of interest.
 - (a) Assets were allocated to each class of business, the allocation representing the actual assets deemed to back the business. The valuation was repeated using
 - (i) the revised values of the assets,
 - (ii) the resulting revised interest rates, under IPRU (INS) Rule 5.11,
 - (iii) for the calculation of non-unit reserves for linked business, prices of units that were assumed to fall immediately in a manner broadly consistent with the relevant resilience scenario.
 - (b) As a result of the application of such changed assumptions:-
 - (i) the aggregate amount of the liabilities was reduced by £1,000,
 - (ii) the value of the assets allocated to match such liabilities in the scenario reduced in value from the amount contributed by those assets to the figure shown in Form 13 by £49,000.
 - (9) Not applicable.
- 8 (a) Not applicable

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

- (b) The allowance for expenses of paying annuities in payment is 3% of reserves.
- (c) Not applicable.
- (d) Not applicable.
- 9 (a)** For all property-linked contracts the unit reserve is taken as the value at the prices specified in Form 55 of the units allocated to policies in force at 31 December 2002.
- A non-unit reserve is held in respect of future expenses and mortality. Investigations have shown that this reserve, in conjunction with ongoing management charges at the current rates and the uninvested portion of future regular premiums, is sufficient to cover future outgoings on the following assumptions:-
- (i) Rate of growth (gross of tax) in the value of units:- 5.00% per annum.
 - (ii) Renewal expenses of £35 per annum for each regular premium policy and £10 per annum for each paid-up or single premium policy plus investment expenses of 0.12% per annum of the value of the fund.
 - (iii) expense inflation:- 3.50% per annum.
 - (iv) interest:- 4.25% per annum.
 - (v) mortality and morbidity:- see paragraph 7 above.
- No account has been taken of any possible increases in the rates of management charges taken from property-linked funds.
- Negative non-unit reserves have not been included for any policy as there is no surrender penalty.
- (b) Not applicable
- 10 (1)** Inflation of expenses has been allowed for explicitly where indicated in paragraph 9(a) above. The loadings for the contracts in paragraph 8(b) allow implicitly for inflation of per policy expenses at rates calculated as above.
- (2) The aggregate amount, grossed up for taxation where appropriate, arising during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is approximately £44,000. The sources of this amount are the per-policy allowances described in paragraph 9a in respect of linked business.
- (3) The Company no longer transacts new business.
- (4) An additional reserve of £200,000 has been set up to cover future expenses in excess of the expense allowance in the valuation, and subsequent fund merger costs.
- It is expected that the fund of Tesco Personal Finance Life Limited will be merged with other Norwich Union Linked Life funds.
- 11 (1)** The mathematical reserves are all expressed to be payable in sterling and are matched by assets in the same currency. There are no liabilities in respect of deposits received from reinsurers.
- 12 (1)** Not applicable.
- (2) Not applicable
- (3) The Company has no undischarged obligation under any financing arrangement.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of insurer **Tesco Personal Finance Life Limited**

Financial year ended **31st December 2002**

- 13** Not applicable, since no policyholders participate in profits.
- 14** Not applicable, since no policyholders participate in profits.
- 15** Not applicable.
- 16** Not applicable.
- 17** See Form 46.
- 18** See Form 47.
- 19 (1)** See Forms 48 and 49.
- (2)** Not applicable.
- (3)** Not applicable.
- (4)** Not applicable.
- 20** See Forms 51, 53 and 55. The Company has no accumulating with-profit policies or index-linked contracts.
- 21 (1)** See Form 57.
- (2)** The only income producing assets included in Form 48 are approved securities and deposits. No adjustments were deemed necessary to the yield on these assets.
- (3)** Not applicable.
- 22** See Form 58.
- 23** See Form 60. Form 61 is omitted.

J Lister
Appointed Actuary

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN	
		R46		173201		GL		31	12	2002	£000		UK	NL
		Life assurance and general annuity		Pensions business		Permanent health		Other business						
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums					
		1	2	3	4	5	6	7	8					
In force at beginning of year	11			3										
New business and increases	12													
Net transfers and other alterations 'on'	13													
Total 'on' (12+13)	19													
Deaths	21													
Other insured events	22													
Maturities	23													
Surrenders	24													
Forfeitures	25													
Conversions to paid-up policies for reduced benefits	26													
Net transfers, expiries and other alterations 'off'	27													
Total 'off' (21 to 27)	29													
In force at end of year (11+19-29)	39			3										

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Tesco Personal Finance Life Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN						
		R46		173201		GL		31		12		2002		£000		UK		LN	
		Life assurance and general annuity		Pensions business		Permanent health		Other business											
		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums			
		1		2		3		4		5		6		7		8			
In force at beginning of year	11					2465	1918												
New business and increases	12						98												
Net transfers and other alterations 'on'	13																		
Total 'on' (12+13)	19						98												
Deaths	21																		
Other insured events	22																		
Maturities	23					2	1												
Surrenders	24					54	12												
Forfeitures	25																		
Conversions to paid-up policies for reduced benefits	26						289												
Net transfers, expiries and other alterations 'off'	27					4													
Total 'off' (21 to 27)	29					60	302												
In force at end of year (11+19-29)	39					2405	1714												

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
R47	173201	GL	31	12	2002	£000

Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK DIRECT WRITTEN INSURANCE BUSINESS						
Pension Insurance Business						
Other Linked Contracts						
Personal Pension Plan		1116			98	
Sub total: Other Linked Contracts		1116			98	
Total: Pension Insurance Business		1116			98	
Total: UK Direct Written Insurance Business		1116			98	

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	173201	GL	31	12	2002	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2			Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	2929	230			7.85		
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18							
	Not producing income	19	33						
Total (11 to 19)			29	2962	230			7.76	

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
R49	173201	GL	31	12	2002	£000	10

Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities	2929	7.85		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12								
More than five years but not more than ten years	13								
More than ten years but not more than fifteen years	14								
More than fifteen years but not more than twenty years	15								
More than twenty years but not more than twenty five years	16								
More than twenty five years	17								
Irredeemable	18								
Total (11 to 18)	19		2929	7.85					
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29								

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Tesco Personal Finance Life Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Pension Insurance Business**Category of surplus **Total long term business assets**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity In Payment	5.00%	PMA92/PFA92	3	1 pa				14			14
Sub total: Non-Profit Policies			3	1 pa				14			14
Sub total: Direct Written Insurance Business			3	1 pa				14			14
Net total: Pension Insurance Business			3	1 pa				14			14
Net total: United Kingdom Insurance Business			3	1 pa				14			14

Company
registration
number

GL/UK/CM

Period ended

day

month

year

Units

UK/OS

Type of
businessCategory
of surplus

R51

173201

GL

31

12

2002

£000

UK

Pens

11

Long term insurance business : Valuation summary of property linked contractsName of insurer **Tesco Personal Finance Life Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Pension Insurance Business**Category of surplus **Total long term business assets**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Personal Pension Plan	4.25	AM92/AF92	2405		7545		1714		INTERNAL	7545	7545	550		8096
Resilience Reserve												50		50
Additional Reserves												200		200
Sub total: Non-Profit Policies			2405		7545		1714			7545	7545	800		8346
Sub total: Direct Written Insurance Business			2405		7545		1714			7545	7545	800		8346
Net total: Pension Insurance Business			2405		7545		1714			7545	7545	800		8346
Net total: United Kingdom Insurance Business			2405		7545		1714			7545	7545	800		8346

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus**R53****173201****GL****31****12****2002****£000****UK****Pens****11**

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Tesco Personal Finance Life Limited**

(Sheet 1)

Global business

United Kingdom business

Financial year ended **31st December 2002**Category of surplus **Total long term business assets**

Internal linked fund

Category of surplus			Total long term business assets			Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH
								day	month	year				
			R55	173201	GL	31	12	2002	£000	UK	11	ILH		
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)					
							Gross	Reinsurance ceded						
1	2	3	4	5	6	7	8	9	10					
Pensions Balanced Growth	Ordinary	0.813265	3206403	2607	2606	1			1					
Sub total: Pensions Balanced Growth				2607	2606	1			1					
Pensions UK Growth	Ordinary	0.748248	4197344	3140	3144	(4)			(4)					
Sub total: Pensions UK Growth				3140	3144	(4)			(4)					
Pensions International	Ordinary	0.736017	2032116	1496	1481	15			15					
Sub total: Pensions International				1496	1481	15			15					
Pensions Fixed Interest	Ordinary	1.269289	124161	158	130	28			28					
Sub total: Pensions Fixed Interest				158	130	28			28					
Pensions Cash	Ordinary	1.276403	257412	329	286	43			43					
Sub total: Pensions Cash				329	286	43			43					
Pensions Balanced Growth	Accumulation	0.802894	3231951	2606		2606	2595		11					
Sub total: Pensions Balanced Growth				2606		2606	2595		11					
Pensions UK Growth	Accumulation	0.738423	4233343	3144		3144	3125		19					
Sub total: Pensions UK Growth				3144		3144	3125		19					

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefitsName of insurer **Tesco Personal Finance Life Limited****(Sheet 2)**

Global business

United Kingdom business

Financial year ended **31st December 2002**Category of surplus **Total long term business assets**

Internal linked fund

Category of surplus			Total long term business assets			Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Category of surplus		IL/DH										
										day month year																			
						R55		173201		GL		31 12 2002			£000		UK		11 ILH										
Name of fund link or directly held asset			Name of unit type			Valuation price per unit or asset			Total actual number of units in force or directly held assets			Value of total actual units in force or directly held assets			Value of actual units held by other internal linked funds			Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)			Value of units or directly held assets deemed allocated to contracts			Value of surplus units or directly held assets (7-8+9)					
1			2			3			4			5			6			7			8			9			10		
Pensions International			Accumulation			0.726231			2025918			1481						1481			1471						10		
Sub total: Pensions International												1481						1481			1471						10		
Pensions Fixed Interest			Accumulation			1.255145			103796			130						130			130								
Sub total: Pensions Fixed Interest												130						130			130								
Pensions Cash			Accumulation			1.262389			176901			227						227			223						4		
Sub total: Pensions Cash												227						227			223						4		
Total: Total long term business assets												15318			7647			7671			7544						127		

Sterling liabilities

Valuation rate(s) of interest **4.25%**Type of business **Pension Insurance Business**

Non profit

Category of assets	Total long term insurance business assets
--------------------	---

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	173201	GL	31	12	2002	£000	Stg	4.25	Pens	NP	10
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	550	7.85	550	54	604	10.85					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18											
	Not producing income	19											
Total (11 to 19)		29	550	7.85	550	54	604	10.85					
Gross valuation interest rate %		31		4.25				4.25					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	550				604						

Sterling liabilities

Valuation rate(s) of interest **5.00%**Type of business **Pension Insurance Business**

Non profit

Category of assets	Total long term insurance business assets
--------------------	---

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
				day	month	year							
		R57	173201	GL	31	12	2002	£000	Stg	5.00	Pens	NP	10
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	14	7.85	14	(3)	11	10.85					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18											
	Not producing income	19											
Total (11 to 19)		29	14	7.85	14	(3)	11	10.85					
Gross valuation interest rate %		31		5.00				10.00					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	14				11						

Long term insurance business : Matching rectangle

Sterling/Non sterling liabilities

Name of insurer **Tesco Personal Finance Life Limited**Valuation rate(s) of interest **Balance**

Global business

Type of business

Financial year ended **31st December 2002**

With profits/Non profit

Category of assets

Total long term insurance business assets

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	173201	GL	31	12	2002	£000		98		10
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated				Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	491	7.85	491		491	10.85				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	491	7.85	491		491	10.85				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	491					491				

Long term insurance business : Matching rectangleName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets

Total long term insurance business assets

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	173201	GL	31	12	2002	£000		99		10
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated				Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	1055	7.85	1055	50	1105	10.85				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	1055	7.85	1055	50	1105	10.85				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	1055				1105					

Long term insurance business : Valuation result and distribution of surplusName of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Category
of surplus

Category of surplus		Total long term business assets	R58	173201	GL	31	12	2002	£000	11
Valuation result	Fund carried forward						11	10217		
	Bonus payments made to policyholders in anticipation of a surplus						12			
	Transfers out of fund/ parts of fund	Transfer to non-technical account					13			
		Transfer to other funds/parts of funds					14			
	Net transfer out of funds/parts of funds (13+14)						15			
	Total (11+12+15)						16	10217		
	Mathematical reserves for accumulating with profit policies						17			
	Mathematical reserves for other non linked contracts						18	14		
	Mathematical reserves for property linked contracts						19	8346		
	Mathematical reserves for index linked contracts						20			
	Total (17 to 20)						21	8360		
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)						29	1857		
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation						31	1263		
	Transfers into fund/part of fund	Transfer from non-technical account					32			
		Transfer from other funds/parts of fund					33			
	Net transfer into fund/part of fund (32+33)						34			
	Surplus arising since the last valuation						35	594		
	Total (31+34+35)						39	1857		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus						41			
	Allocated to policyholders by way of	Cash bonuses					42			
		Reversionary bonuses					43			
		Other bonuses					44			
		Premium reductions					45			
	Total allocated to policyholders (41 to 45)						46			
	Net transfer out of fund/part of fund						47			
	Total distributed surplus (46+47)						48			
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated						49	1857		
	Total (48+49)						59	1857		
Percentage of distributed surplus allocated to policyholders of fund/part of fund							61			
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2001)					62			
	Earlier	(year of valuation 2000)					63			
	Earliest	(year of valuation 1999)					64			

Financial year ended **31st December 2002**

Units

[illegible]

Supplementary notesName of insurer **Tesco Personal Finance Life Limited**Financial year ended **31st December 2002****Code****0901 Written concessions****15 month accounting period**

On 15th August 2002, the FSA made a direction to permit the firm to alter the length of its fiscal year in 2002.

0902 Section 148 waivers

Not applicable

1001 Reconciliation to shareholder accounts

	2002	2001
	£'000	£'000
Line 99 on Form 13 (Other Than Long Term Business)	20,118	19,415
Line 59 on Form 15	(532)	(492)
Excess surplus assets not declared to shareholders	1,984	1,362
Capital and reserves as per shareholder accounts	21,570	20,285

1002 Line 65 - Other movements

Not applicable.

1003 Subordinated loan capital

Not applicable.

1301 Aggregate value of unlisted investments**1308**

Not applicable.

1302 Value of hybrid securities**1309**

Not applicable.

1303 Amounts of any salvage or subrogation recoveries

Not applicable

1304 Statement of amounts set off**1310**

Amounts have been set off to the extent permitted by generally accepted accounting principles.

1305 Counterparty limits**1311**

The investment guidelines operated by the Company specify exposure to counterparties by asset type as follows:

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. The maximum exposure to individual counterparties is limited as follows:

Tier 1: A maximum of £5m

Tier 2: A maximum of £4m

Tier 3: A maximum of £3m

Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better, whilst Tier 3 represents institutions rated A- or better.

Fixed

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management.

Supplementary notesName of insurer **Tesco Personal Finance Life Limited**Financial year ended **31st December 2002****Code****1306 Counterparty exposure****1312**

At 31 December 2002, the following short term deposits were in excess of 20% of the long term business amount:

Other than long term business

Credit Institution	Amount(£)
ABN Amro	2,321,682
Chase Manhattan Bank	2,070,000
ING Bank	2,068,609
Midland Bank	3,636,428
Westpac	3,647,252
Westdeutsche Landesbank	3,000,000
Bank of Scotland	1,964,864

1307 Fully secured rights**1313**

The value of fully secured rights to assets which are exempted from counting towards the appropriate permitted counterparty exposure limit by virtue of paragraph 14, Part I, Schedule 12 of the Insurance Companies Regulations 1994, is nil.

1318 Deposits with credit institutions

Under Appendix 4.1 IPRU (INS) advantage has been taken of the option allowing an admissibility limit for debts due from approved credit institutions of £2m, rather than 20% of the long term insurance business amount. Tesco Personal Finance Life Limited has deposits with the credit institutions disclosed in Note 1306.

1401 Provision for adverse changes**1501**

The Company has not entered into any contracts or agreements which would require a provision for adverse changes.

1402 Contingent liabilities**1502**

There are no charges over any assets of the Company.

There is no provision for taxation on capital gains and no unprovided potential liability.

There are no contingent liabilities not included on the form.

There are no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of insurance business.

There are no other fundamental uncertainties.

1601 Basis of conversion of foreign currency**4005**

Not applicable.

1700 Form omitted

No Form 17 has been prepared on the basis that the Company has no derivative contracts.

1701 Variation margin

Not applicable.

1702 Quasi-derivatives

Not applicable.

4002 Other income and expenditure

There is no other income or other expenditure.

Supplementary notesName of insurer **Tesco Personal Finance Life Limited**Financial year ended **31st December 2002****Code****4008 Provision of management services**

Under a management agreement, Norwich Union Life Services Limited supplies and makes a charge for the provision of management services to the company. This arrangement has been in force since 30 November 2001. Prior to that date, management services were jointly provided by Scottish Widows' PLC and Tesco Personal Finance Limited.

4009 Related party transactions

Connected Party	Norwich Union Life Services Limited
Nature of relationship	Fellow group undertaking
Nature of transactions during the period	Expenses pursuant to note 4008
Value of transactions during the period	£52m
Amounts unpaid at the end of the period	£52m owed to Norwich Union Life Services Limited
Amounts written off in the period	£nil

4301 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at mid-market value.

4302 Aggregate value of rights under derivative contracts

Not applicable.

4303 Accounting for variation margin

Not applicable.

4401 Brought forward amounts

Not applicable.

4402 Other income/other expenditure

Not applicable.

46A0 Form omitted

The entries on all Forms 46A are nil, accordingly these Forms are not required.

47A0 Form omitted

The entries on all Forms 47A are nil, accordingly these Forms are not required.

4801 The amount of accrued interest included in Line 48.12 is £14,000.

4802 The expected income from any asset shown in Form 48, where the payment of interest is in default, is treated as zero. Thus the amount of interest involved is zero.

5200 The entries on form 52 are nil, accordingly this form is not required.

5301 Aggregate liabilities and adjustments

Additional reserve is a reserve to cover future expenses in excess of the expense allowance in the valuation.

5400 The entries on form 54 are nil, accordingly this form is not required.

5600 The entries on form 56 are nil, accordingly this form is not required.

5701 The liabilities covered on the sheet coded Balance are additional expense reserves.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

It is not the policy of the Company to use derivatives in the management of its funds. No derivatives were used during the financial year.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

100% of the issued share capital of the Company is held by Norwich Union Linked Life Assurance Limited.

100% of the issued share capital of Norwich Union Linked Life Assurance Limited is held by Norwich Union Life Holdings Limited.

100% of the issued share capital of Norwich Union Life Holdings Limited is held by Norwich Union Holdings Limited.

100% of the issued share capital of Norwich Union Holdings Limited is held by Norwich Union plc.

100% of the issued share capital of Norwich Union plc is held by General Accident plc.

100% of the issued ordinary share capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc (previously known as CGNU plc).

All shares are voting shares.

There have been no changes to the above position during the period.

Statement of information on appointed actuary required by IPRU (INS) 9.36

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

J Lister

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J Lister, the appointed actuary of the Company, was requested to furnish and has provided the following information:

(a)

- (1) An interest in 5,110 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 3,250 ordinary shares at 31 December 2001.
- (2) 8,159 ordinary shares are held in the Aviva Long Term Incentive Plan and 9,954 ordinary shares are held in the CGNU Deferred Bonus Plan.
- (3) Options were held at 31 December 2002 to subscribe for 37,253 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	No. of shares
Options held at 31 December 2001	40,106
Options granted during the year	Nil
Options exercised or lapsed during the year	(2,853)

- (b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £46,000 and monthly premiums of £259. One savings policy with a monthly premium of £30 and a sum assured plus bonus of £4,223. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1,500 were paid in the year to 31 December 2002.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for 2002 was £206,670. Under the contract he was Appointed Actuary and Director of:

Fidelity Life Assurance Limited

appointed actuary of:-

The Yorkshire Insurance Company Limited

CGU Insurance plc

Tesco Personal Finance Life Limited

And a director of:-

The General Practice Finance Corporation Limited

The General Practice Finance Corporation Property Management Limited

Norwich Union Commercial Finance Limited

Norwich Union Commercial Mortgages Limited

Norwich Union Mortgage Finance Limited

Norwich Union Mortgages (Life) Limited

Norwich Union Mortgage Holdings Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes.

Statement of information on appointed actuary required by IPRU (INS) 9.36

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

J M Webber

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J M Webber, the appointed actuary of the Company until 18 March 2002, was requested to furnish and has provided the following information:

(a)

- (1) An interest in 7,638 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 7,638 ordinary shares at 31 December 2001.
- (2) 6,294 ordinary shares are held in the Aviva Long Term Incentive Plan and 9,710 ordinary shares are held in the AVIVA Deferred Bonus Plan.
- (3) Options were held at 31 December 2002 to subscribe for 42,284 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	No. of shares
Options held at 31 December 2001	21,300
Options granted during the year	20,984
Options exercised or lapsed during the year	-

- (b) Two with profits endowment policies with Norwich Union Life & Pensions Limited, with aggregate sums assured of £44,500 and annual premiums of £3,502. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition, the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1749 were paid in the year to 31 December 2002.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for 2002 was £266,984. Under the contract he was Appointed Actuary and Director of Fidelity Life Assurance Limited (until 18 March 2002) and Appointed Actuary of Tesco Personal Finance Life Limited (until 18 March 2002).
- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes. Benefits in accordance with the relocation policy of Aviva plc.

Certificate by the directors required by IPRU (INS) 9.34(a) and IPRU (INS) Appendix 9.6

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

We certify:

- 1 (a)** in relation to the part of the return comprising Forms 9, 9A, 10, 13 to 16 and 40 to 45, (including the supplementary notes) and the statements required by rules 9.29 and 9.30 that:

 - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by Tesco Personal Finance Life Limited (the Company); and
 - (iii) appropriate systems and controls have been established and maintained by the Company over its transactions and records;
- (b)** that reasonable enquiries have been made by the Company for the purpose of identifying material connected-party transactions;
- (c)** that in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation);
- (d)** in relation to the statement required by rule 9.36:

 - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been ascertained in conformity with that rule.
- 2** that the margin of solvency required by rule 2.1 has been maintained throughout the financial year.
- 3 (a)** that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and rule 3.3, assets attributable to long term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business funds have not been applied otherwise than for the purpose of the long term insurance business;
- (b)** that any amount payable from or receivable by the long term insurance business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;
- (c)** that all guarantees given by the Company of the performance by a related company which would fall to be met by any long term insurance business fund have been disclosed in the return, and that the funds on which each such guarantee would fall has been identified therein;
- (d)** that the investment policy and practice of the Company in respect of the internal linked funds maintained was, during the financial year, consistent with any representations made to policyholders or potential policyholders of the Company;
- (e)** that the returns in respect of long term insurance business are not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and
- (f)** that the Company has fully complied with the requirements of rule 3.5.

Certificate by the directors required by IPRU (INS) 9.34(a) and IPRU (INS) Appendix 9.6

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

4 (a) that the systems and controls established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:

- (i) Guidance Note P.1 – ‘Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives’;
- (ii) ‘The prevention of Money Laundering - Guidance Notes for the UK Financial Sector’ (revised December 2001) issued by the Joint Money Laundering Steering Group;

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; and

(b) the return has been prepared in accordance with the following published guidance:

- (i) Guidance Note 4.1 - ‘Guidance for insurers and auditors on the Valuation of Assets Rules’;
- (ii) Guidance Note 4.2 - ‘Use of derivative contracts in insurance funds’; and
- (iii) Guidance Note 9.1 - ‘Preparation of Returns’.

..... **P R HALES**
Chief Executive

..... **J A NEWMAN**
Director

..... **M N URMSTON**
Director

26th March 2003

Certificate by the appointed actuary required by IPRU (INS) 9.34(b) and IPRU (INS) Appendix 9.6

Name of insurer **Tesco Personal Finance Life Limited**

Global business

Financial year ended **31st December 2002**

I certify:

- (a)
 - (i) that in my opinion proper records have been kept by Tesco Personal Finance Life Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
 - (ii) that the mathematical reserves as shown on Form 14 constitute proper provision as at 31 December 2002 for the long term insurance business liabilities (other than liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an investigation as at that date into the financial condition of the long term insurance business;
 - (iii) that for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13;
 - (iv) that the current versions of Guidance Notes, issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1 (effective date 1.12.01), GN2, GN7, GN8 (effective date 30.12.02), GN22 and GN25 have been complied with; and
 - (v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves.
- (b) that the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £506,000.

J Lister

Appointed Actuary

26 March 2003

Report of the auditors to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Name of insurer **Tesco Personal Finance Life Limited**

Global Business

Financial year ended **31st December 2002**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in Chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 (the "Act").

- Forms 9, 9A, 10, 13 to 17 and 40 to 45 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 44 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 48 ("the certificate").

In the case of the certificate, our examination did not extend to:

- a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning controllers and Information on the appointed actuary;
- b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. Our examination has been undertaken so that we might state to the company's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statement are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statement therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on the certificate of the actuary on page 51 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

- (a) the Forms and statement fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.